

Message Text

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ACTION EB-03

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LIMDIS

FOR EB/TT/AV - STYLES

EO 11652: GDS

TAGS: EAIR, PE

SUBJECT: CIVAIR - DISPUTE WITH PERU

REF: LIMA 3425

1. SUMMARY: EMBASSY HAS OBTAINED BRIEF COMMENT FROM PRIME MINISTER MORALES BERMUDEZ, AND ALSO VIEWS OF FONMIN SEC GEN GARCIA BEDOYA ON CURRENT STATUS ON BRANIFF/AEROPERU NEGOTIATIONS. WHILE BOTH URGE AVOIDANCE OF CONFRONTATION, NEITHER INDICATED WHAT IF ANY SPECIFIC GOP ACTION IS IMPENDING TO AVOID SUCH A PROBLEM. IN ANY EVENT, AT LEAST AT LEVEL OF FONMIN SEC GEN, GOP IS AWARE THAT 213 ACTION MAY SOON BE REINSTITUTED FOR LACK OF PROGRESS IN AIRLINE-TO -AIRLINE NEGOTIATIONS.

2. DURING COURSE OF GOP RECEPTION APRIL 24 FOR VISITING AUSTRALIAN PRIME MINISTER WHITLAM, DCM DISCUSSED BRANIFF/AEROPERU NEGOTIATIONS WITH PRIME MINISTER MORALES BERMUDEZ AND WITH FONMIN SEC GEN GARCIA BEDOYA. DCM INFORMED MORALES BERMUDEZ THAT USG HAS COMPLIED FAITHFULLY WITH ADVICE PRIME MINISTERR HAD GIVEN ASSISTANT SECRETARY ROGERS REGARDING THESE NEGOTIATIONS, NAMELY TO AVOID BILATERAL CONFRONTATION AND TO KEEP AIRLINE-TO-AIRLINE NEGOTIATIONS GOING. HOWEVER, BRANIFF NEGOTIATORS HAVE MET WITH

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INFLEXIBLE ATTITUDE ON PART OF AEROPERU REPRESENTATIVES AND USG

SEES NO SOLUTION COMING OUT OF THESE TALKS. DCM SAID AIRLINE-TO-AIRLINE NEGOTIATIONS IN EFFECT ENDED APRIL 21 DUE INFLEXIBILITY OF AEROPERU NEGOTIATING POSITION. PRIME MINISTER RESPONDED THAT HE HAS BEEN FOLLOWING THE NEGOTIATIONS CLOSELY, AND KNOWS THE MATTER DOWN TO THE SPECIFIC DETAILS INVOLVED IN POSITIONS OF THE TWO RESPECTIVE AIRLINES. HE SAIS THAT HE KNOWS THESE COMPANIES WELL AND IS ACCUSTOMED TO DEALING WITH THEM. HE SAID HE CANNOT INTERVENE DIRECTLY IN THE NEGOTIATIONS, BUT NONETHELESS WHISHES TO SEE THEM SUCCESSFULLY CONCLUDED. HE SAID THAT ABOVE ALL GOP AND USG SHOULD KEEP THIS CIVIL AIR DISPUTE FROM BECOMING A SUBJECT OF CONFRONATATION BETWEEN OUR TWO COUNTIRES. AT THIS POINT, CONVERSATION WAS INTERRUPTED, AS PRIME MINISTER HAD TO ATTEND TO HIS AUSTRALIAN VISITORS.

3. DCM NEXT HAS LENGTHY CONVERSATION WITH GARCIA BEDOYA, WHO BEGAN BY SAYING HE WAS FULLY BRIEFED ON CONVERSATIONS EARLIER THAT DAY BETWEEN AMBASSADOR AND FONMIN REPRESENTAIVE SOLARI. GARCIA BEDOYA SAID THAT GENERAL SOTO'S LETTER OF APRIL 21 DID NOT CONSTITUTE A DEFINITIVE REJECTION OF BRANIFF'S LAST OFFER, AOTHOUGH HE ACKNOWLEDGED THAT AEROPERU REPRESENTATIVE GULMAN HAD MADE STATEMENTS IN PARIL 21 SESSION REJECTING THE MAJOR REMAINING POINTS IN ISSUE. DCM REVIEWED THE THREE POINTS INVOLVED WITH GARCIA BEDOYA, AND ALSO FOR BENEFIT OF MINISTRY TRANSPORT OFFICIAL WHO WAS LISTENING IN ON CONVERSATION (TRANSPORTATION DIRECTOR DEL CASTILLO), NAMELY THAT AEROPERU WOULD NOT AGREE TO MORE THAN 24 FLIGHTS, OR TO AN AGREEMENT RUNNING MORE THAN ONE YEAR, OR SERVICE TO BRAZIL FOR MORE THAN ONE YEAR. DCM STRESSED THAT LETTER AND GULMAN STATEMENT CONSITUTUED COMPLETE REJECTION OF BRANIFF'S LAST OFFER, AS FAR AS EMBASSY CAN ASSESS WHAT WAS WRITTEN AND SAID AS OF APRIL 21, AND NEXT MOVE IS UP TO GOP. GARCIA BEDOYA SAID THAT FONMIN REALIZES THAT THIS IS USG VIEW AND GOP OFFICIALS CONCERNED WITH NEGOTIATIONS ARE CONSULTING AS TO NEXT MOVE WHICH GOP MAY TAKE.

4. BOTH GARCIA BEDOYA AND EL CASTILLO ATTEMPTED TO DESCRIBE NEGOTIATING SITUATION IN LESS STARK TERMS THAN AS SEEN BY USG AND BRANIFF. BOTH SAID THAT BRANIFF AND AEROPERU POSITIONS ARE CLOSER NOW THAN IN THE PAST, AND GARCIA BEDOYA ADDED THAT HE IS OPTIMISTIC THAT FURTHER PROGRESS CAN BE MADE. DCM COMMENTED THAT HE SAW LESS REASON FOR OPTIMISM NOW THAT SIX MONTHS HAVE PASSED

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IN NEGOTIATIONS IN WHICH AIROPERU POSITION HAS NOT SIGNIFICANTLY CHANGED AND WHEN BRANIFF NEGOTIATIONS POSITION HAS MOVED TO TRY TO ACCOMMODATE GOP AND AEROPERU VIEWS. DEL CASTILLO SAID THAT AEROPERU HAS BOVED, BY VIRTUE OF AGREEING TO INCREASE FROM 16 TO 24 FREQUENCIES; DCM REPLIED THT USG DOES NOT ACCEPT 16 FREQUENCIES AS A BASIS FOR COMPARISON, BUT RATHER BASIS OF 34 FLIGHTS BRANIFF ACTUALLY AHS LAST YEAR AND 26-FREQUENCY OFFER IN ITS LAST NEGOTIATING POSITION. DCM

ALSO MENTIONED THAT USG HAS VIRTUALLY NO ALTERNATIVE REMAINING BUT TO REINSTITUTE 213 ACTION TO LIMIT AEROPERU OPERATIONS TO THE US. DCM SAID AMBASSADOR HAD EVEN HAD TO PERSUADE SENIOR BRANIFF REPRESENTATIVE (DE MURIAS) TO REMAIN LIMA OVER WEEKEND APRIL 21 MEETING, SINCE BRANIFF HAD EXPECTED NO FORWARD MOVEMENT IN AEROPERU POSITION -- A CONCERN WHICH WAS FULLY VERIFIED BY THE OUTCOME OF THE APRIL 21 NEGOTIATING SESSION. DCM ALSO NOTED THAT GENERAL SOTO, FOLLOWING HIS EARLIER ABSENCES FROM THE NEGOTIATING TABLE DUE TO TRIPS TO CARACAS AND SANTIAGO, DID NOT EVEN DEIGN TO APPEAR AT THE LAST NEGOTIATING SESSION. GARCIA BEDOYA AND DEL CASTILLO REPEATEDLY REFRAIN THAT THERE IS NEVER A "LAST OFFER" IN NEGOTIATIONS, SUGGESTING THAT BRANIFF COULD GO STILL FURTHER. THEY ALSO DENIED ANY INTENTION ON PART OF GOP AND AEROPERU TO BE DISPOSED TO DESTROY OR UNDERMINE BRANIFF OPERATIONS IN PERU. DCM REPEATED USG BELIEF THAT THERE IS ROOM FOR GROWTH FOR BOTH AEROPERU AND BRANIFF IN US/PER TRAFFIC, AND REPEATED POINT AMBASSADOR HAD PREVIOUSLY MADE TO GOP OFFICIALS INCLUDING SOLARI, I.E., IT APPEARS THAT AEROPERU INTENDS TO BUILD UP ITS FOREIGN OPERATIONS ON THE ASHES OF BRANIFF AND OTHER INTERNATIONAL CARRIERS. GARCIA BEDOYA AND DEL CASTILLO DEMURRED ONCE AGAIN, BUT GAVE NO INDICATION OF WHAT GOP AND AEROPERU MIGHT BE WILLING TO DO TO GET THE NEGOTIATIONS BACK ON THE TRACKS.

5. COMMENT: GOP OFFICIALS FROM MORALES BERMUDEZ ON DOWN KEEP SAYING THAT THEY WISH TO AVOID A GOVERNMENT-TO-GOVERNMENT CONFRONTATION OVER BRANIFF'S FUTURE ROLE IN PERU, AND FIFTH FREEDOM TRAFFIC THROUGH THIS COUNTRY. HOWEVER, NO GOP OFFICIAL HAS YET TOLD THE EMBASSY WHAT GOP (OR AEROPERU) MIGHT DO TO ACCOMMODATE USG AND BRANIFF INTERESTS. WE HAVE HEARD ENOUGH SOOTHING WORDS ABOUT BENIGN INTENTIONS OF GOP AND AEROPERU, SUCH AS GARCIA BEDOYA'S EARLIER INDICATIONS TO AMBASSADOR THAT IN APRIL 21. NEGOTIATING SESSION AEROPERU WOULD BE MORE "FLEXIBLE". NO
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CONVINCING SIGNS OF ANY SUCH FLEXIBILITY ARE YET IN EVIDENCE.
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